



Virginia
Regulatory
Town Hall

Final Regulation Agency Background Document

Agency Name:	State Lottery Department
VAC Chapter Number:	11 VAC 5-30-10 et seq.
Regulation Title:	Instant Game Regulations
Action Title:	Repeal
Date:	03/17/2003

Please refer to the Administrative Process Act (§ 9-6.14:9.1 *et seq.* of the *Code of Virginia*), Executive Order Twenty-Five (98), Executive Order Fifty-Eight (99) , and the *Virginia Register Form, Style and Procedure Manual* for more information and other materials required to be submitted in the final regulatory action package.

Summary

Please provide a brief summary of the new regulation, amendments to an existing regulation, or the regulation being repealed. There is no need to state each provision or amendment; instead give a summary of the regulatory action. If applicable, generally describe the existing regulation. Do not restate the regulation or the purpose and intent of the regulation in the summary. Rather, alert the reader to all substantive matters or changes contained in the proposed new regulation, amendments to an existing regulation, or the regulation being repealed. Please briefly and generally summarize any substantive changes made since the proposed action was published.

The State Lottery Department is repealing these regulations. The department's Instant Game Regulations and the On-Line Game Regulations (11 VAC 5-40-10 et seq.) are being reorganized and replaced by two new regulations: Licensing Regulations (11 VAC 5-31-10 et seq.) and Lottery Game Regulations (11 VAC 5-41-10 et seq.). Because the two current regulations contain similar provisions for different types of games, there is a significant amount of redundant language regarding licensing and gaming. The new regulations will revise, consolidate and reduce the language into two more meaningful categories: licensing and lottery games.

Statement of Final Agency Action

Please provide a statement of the final action taken by the agency: including the date the action was taken, the name of the agency taking the action, and the title of the regulation.

On March 5, 2003, the State Lottery Board unanimously adopted these final regulations.

Basis

Please identify the state and/or federal source of legal authority to promulgate the regulation. The discussion of this statutory authority should: 1) describe its scope and the extent to which it is mandatory or discretionary; and 2) include a brief statement relating the content of the statutory authority to the specific regulation. In addition, where applicable, please describe the extent to which proposed changes exceed federal minimum requirements. Full citations of legal authority and, if available, web site addresses for locating the text of the cited authority, shall be provided. If the final text differs from that of the proposed, please state that the Office of the Attorney General has certified that the agency has the statutory authority to promulgate the final regulation and that it comports with applicable state and/or federal law.

Section 58.1-4007 of the Code of Virginia authorizes the State Lottery Board to adopt regulations governing the operation of a lottery, and to amend, repeal or supplement the regulations as necessary.

The Office of the Attorney General has certified that the agency has the statutory authority to repeal these regulations and they comport with applicable state law and/or federal law.

Purpose

Please provide a statement explaining the need for the new or amended regulation. This statement must include the rationale or justification of the final regulatory action and detail the specific reasons it is essential to protect the health, safety or welfare of citizens. A statement of a general nature is not acceptable, particular rationales must be explicitly discussed. Please include a discussion of the goals of the proposal and the problems the proposal is intended to solve.

To reduce and simplify the regulatory language, current department regulations (Instant Game and On-Line Game) are reorganized into two new categories: Licensing and Lottery Game Regulations. Duplicative language is eliminated and revisions are made in the new chapters to update the regulations to reflect changes in operational procedures since 1996, when the current regulations were last amended. The revisions will have no effect on the health, safety or welfare of citizens, other than to simplify the understanding of department regulations.

Substance

Please identify and explain the new substantive provisions, the substantive changes to existing sections, or both where appropriate. Please note that a more detailed discussion is required under the statement of the regulatory action's detail.

The current regulations are being repealed in their entirety. Their provisions are being revised and consolidated into two new regulations.

Issues

Please provide a statement identifying the issues associated with the final regulatory action. The term "issues" means: 1) the advantages and disadvantages to the public of implementing the new provisions; 2) the advantages and disadvantages to the agency or the Commonwealth; and 3) other pertinent matters of interest to the regulated community, government officials, and the public. If there are no disadvantages to the public or the Commonwealth, please include a sentence to that effect.

The repeal of this regulation and its revision and consolidation with other existing regulations will simplify and clarify lottery retailer licensing and game requirements. Some provisions are removed entirely because they are already contained in the Code of Virginia and will continue to be enforced. Others are redundant or unnecessary and are eliminated from the new categories.

There are no disadvantages to the public, the Commonwealth or the department by this action.

Statement of Changes Made Since the Proposed Stage

Please highlight any changes, other than strictly editorial changes, made to the text of the proposed regulation since its publication.

No changes were made to the text of the proposed regulations since its publication.

Public Comment

Please summarize all public comment received during the public comment period and provide the agency response. If no public comment was received, please include a statement indicating that fact.

No public comment was received during the public comment period held from December 2, 2002 to February 14, 2003.

Detail of Changes

Please detail any changes, other than strictly editorial changes, that are being proposed. Please detail new substantive provisions, all substantive changes to existing sections, or both where appropriate. This statement should provide a section-by-section description - or crosswalk - of changes implemented by the proposed regulatory action. Include citations to the specific sections of an existing regulation being amended and explain the consequences of the changes.

Language that is being revised and incorporated in the new Licensing or Lottery Game Regulations will be discussed in those respective background documents.

The following provisions that are currently contained in the Instant Game Regulations, being repealed, will not appear in the new and revised regulations because the provisions are contained in the Code of Virginia and do not need to be repeated in regulations:

- (i) the requirement that the lottery retailer license fees should recover the administrative costs of the licensing process (§ 58.1-4010);
- (ii) the requirement that lottery prizes must be paid by cash, check, cashier's check, travelers check, or money order, but not by credit cards, food stamps, or food coupons (§ 58.1-4007.A.2);
- (iii) the statement that the value of unclaimed winning tickets less than \$25 reverts to the State Lottery Fund (§ 58.1-4020.C); and
- (iv) language allowing prizes to be claimed by a legal entity, which is now prohibited by statute (§ 58.1-4019.B).

Some provisions are repealed because they are redundant or no longer necessary, including:

- (i) board approval of certain details of a prize structure;
- (ii) the definition of life of a claim on behalf of a group, company, corporation because only natural persons can claim prizes;
- (iii) the specific time frame for board approval of licensing fees;
- (iv) the requirement to print or stamp the retailer's name, address, and the retail number on the back of the ticket for identification because of the current use of barcodes;
- (v) the requirement to pay low tier winning tickets at the retail location where the ticket is sold; and
- (vi) the prize amount limit that can be claimed at a lottery regional office versus lottery headquarters.

Several provisions being repealed are not included in the new regulations because the requirements are operational in nature and are included in the lottery retailer manual, which each retailer receives upon licensing, or in the retailer contract, signed by each retailer. These provisions include:

- (i) the policy for the return of unsold tickets for credit;
- (ii) specific details regarding validation of tickets, such as inspections, reporting numbers and codes and obtaining authorization to pay, all of which are now accomplished through electronic equipment; and
- (iii) details regarding the general licensing standards. The general standards will continue to be contained in the Licensing Regulations.

Please provide an analysis of the regulatory action that assesses the impact on the institution of the family and family stability including the extent to which the regulatory action will: 1) strengthen or erode the authority and rights of parents in the education, nurturing, and supervision of their children; 2) encourage or discourage economic self-sufficiency, self-pride, and the assumption of responsibility for oneself, one's spouse, and one's children and/or elderly parents; 3) strengthen or erode the marital commitment; and 4) increase or decrease disposable family income.

These regulations have no impact upon families.